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FM AMEMBASSY STOCKHOLM  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3497  
RUEATRS/DEPT OF TREASURY WASH DC IMMEDIATE  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY  
RUCNRAQ/IRAQ COLLECTIVE PRIORITY  
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0093  
RUEHPF/AMEMBASSY PHNOM PENH PRIORITY 0036  
RUEHBP/AMEMBASSY BAMAKO PRIORITY 0039

UNCLAS SECTION 01 OF 02 STOCKHOLM 000416

SENSITIVE

SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [ECON](#) [ENGR](#) [ENRG](#) [SENV](#) [EAID](#) [TBIO](#) [TRGY](#) [SW](#)

SUBJECT: SWEDEN: TREASURY DEPUTY'S CLEAN TECHNOLOGY FUND DISCUSSIONS  
WITH A CAUTIOUS BUT INTERESTED SWEDISH GOVERNMENT

¶1. (SBU) On May 28, Deputy Treasury Secretary Robert Kimmitt raised the Clean Technology Fund (CTF) with Gunilla Carlsson, Swedish Minister for International Development Cooperation; also in attendance were Per Jansson, State Secretary in the Ministry of Finance, and Anders Turesson, Sweden's Chief climate change negotiator, Ministry of Environment. Kimmitt described the CTF in detail, commenting that the CTF's focus on working closely with the developing world and its interaction with the private sector, the venture capital community, and green technology were a good match for both the Swedish government and Swedish business. Carlsson stressed the need for the U.S. and Sweden to continue to work closely together before COP-15 in Copenhagen (December 2009) and the importance of including developing countries in the CTF decision-making process. END SUMMARY.

¶2. (SBU) Carlsson began the meeting by describing in detail her recently-created international Commission on Climate Change and Development (CCCCD). The CCCCD, funded entirely by the Swedish government, is designed to lead to greater understanding of the impact of climate change on local communities, particularly in the developing world. "We created and financed this Commission," said Carlsson, "in order to get the poor people's perspective on climate change." Carlsson said the CCCCD is a hands-on entity which met recently in Cambodia and will soon reconvene in Mali. Its mission is to build developing countries' capacity to deal with climate change, since "the developing world can't rely solely on Overseas Development Assistance to solve problems."

¶3. (SBU) After thanking the Swedish government for hosting the International Compact with Iraq conference, Kimmitt praised Sweden's "strategic vision" on climate change and stressed the important role Sweden has played, plays, and will play in the future when it assumes the EU Presidency in July 2009. He asked Carlsson how the CCCCD works within the framework of the EU Presidency and the UN. She responded that the World Bank is interested in the Commission's findings, adding that "it would be optimum if the Commission could help the UN by facilitating discussions and negotiations on climate change in the lead-up to an international, post-2012 agreement."

¶4. (SBU) Kimmitt told Carlsson that the CTF is not in conflict or competition with the UN's Global Environment Facility (GEF), adding that the two can "complement, learn and draw from each other." Like the GEF, the CTF takes into account the lesser-developed countries' perspective and ensures that all countries play a role. He explained how both donor and recipient countries would be actively involved in the CTF's governance, with the trust fund committee equally split between them. In response to a question from Carlsson re whether the CTF would continue beyond the Bush Administration, Kimmitt commented that the CTF enjoys strong support in the current U.S. Administration, in Congress, and into the next Administration, whether Republican or Democratic.

¶5. (SBU) Kimmitt and Ambassador Wood then discussed the timeline for launching the CTF at the G-8 in Hokkaido in early July. He explained that the USG has pledged \$2 billion to the CTF over a three-year period, with the United Kingdom and Japan both pledging \$1.5 billion to reach the current total of \$4.5 billion. The CTF's start goal is \$10 billion, with a minimum suggested contribution to donor countries of \$50-100 million over a three-year period. However, Kimmitt and Wood said that in order for Sweden - or other countries - to play an active role in the CTF, the pledge would need to be in the \$300-500 million range over a three-year period.

¶6. (SBU) Carlsson seemed surprised by the \$300-500 million suggested figure, responding that "Sweden will look into the CTF in due time. We want to deepen climate change cooperation with other countries. For us, where we put our development money and what impact it has is very important." Finance Ministry State Secretary Jansson was more positive, saying the developed world needs to build confidence before COP 15 in Copenhagen in December 2009. He added that the CTF would "send a strong signal pre-Copenhagen" that the major emitters are committed to real change.

¶7. (SBU) COMMENT: Post will continue to work the CTF at all levels with our GOS counterparts. Secretary Rice mentioned it during her May 29 meetings with Prime Minister Reinfeldt and Foreign Minister Bildt; we anticipate that U.S. officials will again raise it with Bildt during his Washington meetings this week. Environment Minister Andreas Carlgren will be in Washington June 23-24 for meetings, during which we expect the CTF to be raised frequently by USG interlocutors. Our view is that the GOS is warming to the idea, but finds the price tag for a seat at the table to be very steep.

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¶8. (U) This cable has been cleared by Deputy Treasury Secretary Kimmitt.

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